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FISCAL IMPACT STATEMENT

LS 6969

BILL NUMBER: SB 383

NOTE PREPARED: Jan 6, 2006

BILL AMENDED:

SUBJECT: Motor Vehicle Title Pledge Act.

FIRST AUTHOR: Sen. Nugent

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that certain lenders may make loans for which the collateral is title to a motor vehicle. The bill provides that the interest rate for a motor vehicle title loan may not exceed 22%. The bill requires a motor vehicle title lender to provide certain warnings to borrowers. The bill sets forth procedures for: (1) repossessing a motor vehicle if a borrower defaults on a motor vehicle title loan; and (2) redeeming the title to a repossessed motor vehicle. The bill prohibits certain actions by motor vehicle title lenders that and imposes penalties for violations. The bill permits certain banks, trust companies, and savings banks to make certain purchases and sales.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Department of Financial Institutions:* The Department of Financial Institutions (DFI) would see an increase in administrative duties under the bill. The DFI would be authorized to adopt rules to implement the proposed motor vehicle title lender provisions.

Bonding: Motor vehicle title lenders would be required to post a bond with the DFI in the amount of \$50,000 per location of business to a maximum bond of \$500,000.

The DFI's current level of resources should be sufficient to carry out the provisions of the bill. The DFI was appropriated \$7.4 M in dedicated funds for FY 2006.

Explanation of State Revenues: *Civil Penalties:* The bill would establish a civil penalty for violations of provisions of the bill on motor vehicle title lenders. Penalties could be assessed in an amount up to \$2,000.

Assessed penalties would be deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources: State of Indiana: *List of Appropriations July 1, 2005 to June 30, 2007.*

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